

Message Text

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43

ACTION AF-18

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 SS-15 NSC-10 DODE-00 PA-03

USIA-12 PRS-01 L-03 RSR-01 AGR-20 /157 W

----- 103512

R 041042 Z APR 73

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 1450

INFO AMEMBASSY DAR ES SALAAM

AMEMBASSY KAMPALA

LIMITED OFFICIAL USE NAIROBI 2136

E. O. 11652: N/ A

TAGS: ECON, EFIN, KE

SUBJECT: IMPROVEMENT IN KANYAN BALANCE OF PAYMENTS

1. DURING CALL ON CENTRAL BANK GOVERNOR DUNCAN NDEGWA BY AF/ E
DIRECTOR COOTE AND EMBOFF, NDEGWA REVEALED GOK PLANS TO LIFT
IMPORT

RESTRAINTS (IMPOSED IN JANUARY 1972) BY END OF THIS YEAR.

RESTRAINTS ON AUTO IMPORTS LIKELY TO REMAIN BEYOND THAT TIME,
HOWEVER.

2. NDEGWA REAFFIRMED KENYAN BALANCE OF PAYMENTS SITUATION HAS
IMPROVED GREATLY THANKS TO IMPORT RESTRAINT PROGRAM AND CONTINUED
HIGH LEVELS OF COFFEE EXPORTS. GROSS EXCHANGE RESERVES NOW STAND
AT

LEVELS EQUAL TO 5 MONTHS ANNUAL IMPORTS (FOUR MONTHS IS STATUTORY
REQUIREMENT). WELCOMED CAPITAL ASSISTANCE FROM USG AND OTHERS FOR
BUDGET SUPPORT BECAUSE GOK EXPENDITURES FOR PUBLIC SERVICES
WERE INCREASING RAPIDLY AND INSUFFICIENT SAVINGS BEING GENERATED
THROUGH TAXATION TO MEET EXPECTED DEFICITS IN NEXT FEW YEARS.

COMMENT: FOREIGN RESERVES OF CENTRAL BANK, WHICH DROPPED TO
ABOUT 55 MILLION K POUNDS BY END OF 1971 (1 K POUND EQUALS \$2.80)
HAD STEADILY INCREASED TO 72 MILLION POUNDS BY END OF 1972, AND
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ARE NOW BELIEVED TO BE AT ABOUT 75 MILLION POUNDS OR EQUAL
TO PEAK ACHIEVED IN MARCH 1970. BUDGETARY SUPPORT ARGUMENTS
ASIDE, THESE DATA SUGGEST A LESSENERED NEED FOR BALANCE OF
PAYMENTS SUPPORT FROM DONORS.
LINDSTROM

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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EO Systematic Review
30 JUN 2005

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To: AF
DAR ES SALAAM
KAMPALA
SECSTATE WASHDC
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